

Message Text

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PAGE 01 PEKING 01451 160434Z POSS DUPE
ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 PM-04 NSC-05 SP-02 SS-15
CIAE-00 INR-07 NSAE-00 DODE-00 EB-07 COME-00
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R 160355Z JUL 77
FM USLO PEKING
TO SECSTATE WASHDC 8202
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMCONSUL HONG KONG
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY MOSCOW
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO
USMISSION NATO

C O N F I D E N T I A L PEKING 1451

BRUSSELS ALSO FOR USMISSION EC

E.O. 11652: GDS
TAGS: EEC, ETRD, EEWT, CH
SUBJ: EC/PRC TRADE AGREEMENT NEGOTIATIONS: DEKERGOLAY
MISSION TO PEKING

REF: BRUSSELS 5718

1. SUMMARY: EC COMMISSION DELEGATION DISCUSSIONS IN PEKING
CONCERNING AN EC/PRC TRADE AGREEMENT HAVE PRODUCED SOME FORWARD
MOVEMENT ON SUBSTANTIVE ISSUES. ATMOSPHERE OF MEETING WAS VERY
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GOOD, WITH PRC SHOWING KEEN INTEREST IN CONCLUDING NEGOTIATIONS
AND SIGNING AN AGREEMENT BY THE END OF THE YEAR. MUCH HARD
BARGAINING LIES AHEAD, HOWEVER. END SUMMARY.

2. AN EC COMMISSION DELEGATION, LED BY DEPUTY DIRECTOR GENERAL
FOR EXTERNAL RELATIONS ROLAND DEKERGOLAY, VISITED PEKING JULY 4
- 11 FOR THE NINTH IN A SERIES OF TALKS BETWEEN THE EC AND PRC ON

CONCLUDING "THE POSSIBILITY" OF A TRADE AGREEMENT. EXCEPT FOR THE FIRST IN MAY, 1975, ALL TALKS HAD BEEN HELD IN BRUSSELS. MINISTER OF FOREIGN TRADE LI CHIANG TOLD THE DELEGATION THAT NONE WAS HELD FROM FEBRUARY 1976 TO FEBRUARY 1977 BECAUSE OF THE "INTERFERENCE OF THE GANG OF FOUR." THE CHINESE PUBLICLY DESCRIBED THE TALKS AS "SUCCESSFUL" AND DEKERGOLAY TOLD EC DIPLOMATS IN PEKING THAT HE WAS "QUITE SATISFIED" WITH THE PROGRESS MADE.

3. THE TALKS WERE DESCRIBED AS "EXPLORATORY" BY DEKERGOLAY AND DID NOT INCLUDE SPECIFIC NEGOTIATIONS, ALTHOUGH DISCUSSIONS WERE "INTENSE" AND CAREFULLY PREPARED ON BOTH SIDES. DEKERGOLAY TOLD THE CHINESE THAT THE DRAFT AGREEMENT WHICH THEY UNEXPECTEDLY TABLED IN BRUSSELS JUST PRIOR TO THE DELEGATION'S DEPARTURE IN JUNE WAS PREMATURE AND THAT THE DELEGATION WAS NOT PREPARED TO DISCUSS IT DURING THIS VISIT. (THE CHINESE SOMEWHAT TAKEN ABACK BY THIS REPLY AND RECESSED THE MEETING FOR A SHORT DISCUSSION AMONG THE CHINESE GROUP.) PROGRESS WAS MADE, HOWEVER, IN RESOLVING TWO MAJOR AREAS OF DISAGREEMENT: A PRC DESIRE FOR A BALANCED TRADE CLAUSE AND AN EC INSISTENCE ON SAFEGUARDS AGAINST MARKET DISRUPTION. THE DELEGATION AGREED TO CONSIDER THE INCLUSION OF A CLAUSE INDICATING A GENERAL DESIRE TO WORK TOWARDS BALANCED TRADE BETWEEN THE COMMUNITY AND THE PRC. THE DELEGATION TOLD CHINESE OFFICIALS THAT IT WOULD BE IMPOSSIBLE TO GUARANTEE A BALANCE, AND THE CHINESE DID NOT APPEAR EAGER TO PRESS THE MATTER. ON SAFEGUARDS, THE PRC STRESSED ITS PREFERENCE FOR RESOLVING MARKET DISRUPTION PROBLEMS THROUGH AD HOC CONSULTATIONS ON CONFIDENTIAL

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INDIVIDUAL PROBLEMS AS THEY ARISE, BUT INDICATED THAT IT WOULD BE WILLING TO CONSIDER SPECIFIC SAFEGUARDS AGREEMENTS FOR SOME COMMODITIES.

4. THE PRC ALSO WANTS TO RECEIVE SOME OF THE GATT LIBERALIZATIONS ACCORDED THIRD WORLD COUNTRIES, PARTLY TO GET SOME OF THE ECONOMIC BENEFITS AND PARTLY TO REMOVE THEMSELVES FROM THE EAST-BLOC SOCIALIST COUNTRIES CATEGORY. DEKERGOLAY SAID THAT THIS REQUEST RAISES SEVERAL DIFFERENT KINDS OF PROBLEMS FOR THE EC.

5. THE CHINESE SHOWED KEEN INTEREST IN RENEWING THE DISCUSSIONS AS SOON AS POSSIBLE AND EXPRESSED THEIR PREFERENCE FOR CONCLUDING NEGOTIATIONS BY THE END OF THE YEAR FOR POLITICAL AS WELL AS ECONOMIC REASONS. DEKERGOLAY TOLD THE CHINESE THAT IT WOULD BE DIFFICULT TO CONCLUDE THE DETAILED NEGOTIATIONS ON TARIFF PREFERENCES, QUOTAS, ETC. THAT QUICKLY. NO DATE WAS SET FOR THE NEXT ROUND OF MEETINGS, WHICH MOST LIKELY WILL BE HELD IN BRUSSELS IN SEPTEMBER OF OCTOBER AFTER THE DELEGATION REPORTS TO THE COUNCIL OF MINISTERS.

6. THE ABOVE INFORMATION WAS PROVIDED BY EC DIPLOMATS IN PEKING ON THE BASIS OF A BRIEFING BY DEKERGOLAY BEFORE HIS DEPARTURE

(ONLY MEMBERS OF THE DELEGATION AND NO LOCAL DIPLOMATS
PARTICIPATED IN THE MEETINGS WITH THE CHINESE). PLEASE PROTECT
OUR SOURCES, PARTICULARLY WITH DELEGATION MEMBERS OF EC
STAFF.
DEAN

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Message Attributes

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